

**GOVERNMENT OF ANDHRA PRADESH
ABSTRACT**

**Industries & Commerce Department – Food Processing Policy
2010-2015 of Andhra Pradesh State – Operational guidelines –
Orders – Issued.**

INDUSTRIES & COMMERCE (FP) DEPARTMENT

G.O.Ms.No. 89

Dated:08-09-2011

Read the following:

1. G.O.Ms.No.55, Industries & Commerce (C&EP) Department, dated 05-03-2004.
2. G.O.Ms.No.30 Industries & Commerce (FP) Department, dated 30/01/2006.
3. G.O.Ms.No.62 Industries & Commerce (FP) Department, dated 29/06/2010.
4. From the Commissioner of Industries, Hyderabad Note in Single File No.30/1/2010/0959 dated nil.
5. G.O.Ms.No.42 Industries & Commerce (IP) Department, dated 05/05/2011.

ORDER:

In the G.O. first read above, orders were issued on Operational guidelines for implementing the Food Processing Policy for the period 2005-2010 in Andhra Pradesh State.

- 2) In the G.O. 2nd read above, orders were issued adopting Operational Guidelines issued vide G.O.Ms.No.328 Industries & Commerce (IP) Department dated 13/12/2005 'ipso facto' apply in respect of the units covered under fresh Food Processing Policy for implementation of the fresh Food Processing Policy of Andhra Pradesh subject to certain conditions.
- 3) In the G.O. 3rd read above, orders were issued announcing Food Processing Policy for the period 2010-2015 in the Andhra Pradesh extending various incentives and concessions to the Food Processing Industries in the State for the period of 2010-2015 w.e.f. 01/04/2010 to 31/03/2015 (inclusive both the days).
- 4) In the G.O. 5th read above, orders were issued on Operational Guidelines for implementing the Industrial Investment Promotion Policy (IIPP) 2010-2015.
- 5) The Commissioner of Industries, Hyderabad, in the reference 4th cited has submitted draft operational guidelines for implementation of the Food Processing Policy 2010-2015 and requested the Government to issue orders in the matter.
- 6) Government, after careful consideration of the proposal of Commissioner of Industries, Hyderabad, hereby accord operational guidelines for implementation of the Food Processing Policy 2010-2015 in the Annexure as appended to these orders.

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7) These orders are issued with the concurrence of Finance Department vide U.O.No.17981/257/Expr.I&C/2011 dated 25-07-2011.

8) A copy of this order is available on the Internet and can be accessed at the address <http://goir.ap.gov.in>.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

C.R. BISWAL,
PRINCIPAL SECRETARY TO GOVERNMENT.

To

The Commissioner of Industries, Hyderabad.
All Principal Secretaries/Secretaries to Government

All Heads of Departments.

All Collectors

All Departments in Secretariat.

The Accountant General, Andhra Pradesh, Hyderabad.

The Vice Chairman & Managing Director, A.P.I.I.C. Ltd Hyderabad.

The Vice Chairman & Managing Director, A.P.S.F.C. Ltd. Hyderabad.

The Vice Chairman & Managing Director, A.P.I.D.C.Ltd. Hyderabad.

Copy to:

The Secretary to Government of India, Ministry of Food Processing
Industries, Panchsheel Bhavan, August Kranti Marg,
New Delhi – 110 049.

Principal Secretary to Chief Minister

P.S. to Minister for (Major Industries / Agriculture / Horticulture / Energy /
SSI / Fisheries / Animal Husbandry)

P.S. to Chief Secretary

P.S. to Prl.Secretary to Government & CIP, Ind & Com Department.

P.S. to Secretary to Government,

Ind & Com Dept.

The Finance (Exp.I&C) Dept.

Sf./sc.(C.No.18687/FP/A1/2010)

//Forwarded :: By Order//

SECTION OFFICER

ANNEXURE-I TO G.O.Ms.No. , Industries & Commerce (FP)
Department, dated -09-2011.
THE OPERATIONAL GUIDELINES

1.0 INTRODUCTION:

The Government of Andhra Pradesh have decided to promote Andhra Pradesh as an attractive and competitive destination for industrial investments and offer various incentives/benefits to all eligible food processing new industrial Enterprises set up in the State. Projects involving substantial Expansion/Diversification of existing industries in the eligible lines of activities are also entitled for benefits offered under the Food Processing policy 2010-2015 vide G.O.Ms.No.62 Industries & Commerce (FP) Department.

2.0 COVERAGE / ELIGIBILITY:

All Food Processing industries as mentioned in the Annexure-II are eligible under the Policy.

3.0 AREA OF OPERATION:

The scheme covers the whole of the State of Andhra Pradesh.

4.0 COMMENCEMENT AND DURATION:

The Food Processing Policy of AP State has come into force with effect from 01/04/2010.

5.0 NODAL AGENCY:

The Commissioner of Industries (COI)shall be the Nodal agency to implement the Policy.

6.0 COMPONENTS

1. To give a special focus on Food Processing industry by extending the benefits for a period of 5 years from 1.4.2010 to 31/03/2015 (inclusive of both the days).
2. To declare food processing as seasonal industry, wherever necessary and enable the industry to get relief from minimum electricity charges during the closure (non-seasonal) period.
- 3 To extend 25% cost of external infrastructure for power, water, approach roads and other infrastructures limited to Rs.2.00 Crores.
4. To provide VAT/State Goods & Services Tax reimbursement for Mega Food Parks during the construction period for a period of 2 years limited to a maximum Rs.2.00 Crores.
5. The Food Parks sanctioned under Mega Food Park scheme of Government of India would be considered for Tailor-made benefits on case to case basis.

7.0 Reimbursement of Power consumption Charges:

1. All eligible industrial Enterprises shall submit their claims in the prescribed application form given at Annexure-VII (G.O.Ms.No.42 Ind. & Com. (IP) Dept. dt. 05/05/2011) for reimbursement of Power Cost within six months after completion of every Half-year i.e., 30th of September and 31st of March of every year along with the documents mentioned in the Application to the General Manager, District Industries Centre concerned on half yearly basis.
2. Fixed power cost @ Rs.1.00 per unit (upper ceiling) on energy consumption charges as per G.O.Ms.No.62 Industries & Commerce (FP) Department, dated 29/06/2010 will be reimbursed for a period of 5 years from the date of commencement of commercial production. In case, decrease in Power Tariff on the revised rates (2010-2011), the reimbursement will be reduced proportionately.
3. This reimbursement is only on the energy consumption (KWH) charges but not on Maximum Demand or any other charges levied by DISCOMs.
4. The Reimbursement of power cost shall be applicable to all eligible new Food Processing industrial Enterprises and Expansion/Diversification Projects.
5. The Power cost reimbursement shall be applicable to the Food Processing industrial enterprises, which are utilizing power from DISCOM only and power connection should be in the name of the Enterprise/Industry.
6. Reimbursement of power cost will be allowed in case of Expansion/Diversification Projects over and above base power consumed. For the purpose of reimbursement, annual power consumption will be taken into account. The reimbursement will be made every 6 months, but in case of actual power consumed during the year is less than annual base consumption, reimbursement made during any previous period will be adjusted in future reimbursement. If excess is paid and could not be adjusted in future claims, will be recovered under R.R. Act.
7. The base annual consumption will be either average annual power consumption of previous three financial years of the Expansion /Diversification project as certified by Chartered Accountant or power consumption for 75% of installed capacity utilization of the original Food Processing industrial enterprises, whichever is higher. Power consumed over and above the base consumption will be eligible for reimbursement of power cost. If the Food Processing Enterprise/Industry taken up expansion/diversification in the same year, the base power consumption will be calculated proportionately.
8. All eligible industries/enterprises under Food Processing will also eligible for other benefits, if the line of activity is eligible as per the Industrial Investment Promotion Policy 2010-2015.
9. The operational guidelines of the Industrial Investment Promotion Policy (IIPP) 2010-2015 shall "ipso facto" apply in respect of the enterprises/industries covered under Food Processing Sector.

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8.0 PROCEDURE FOR CLAIMING INCENTIVES:

- 8.1 Government have decided to consider Six months period for filing the claim application from the date of issue of Operational Guidelines for the existing units which have already commenced commercial production w.e.f. 1.4.2010 under Food Processing Policy 2010-2015. In case of all other Food Processing units commencing production after issue of Operational Guidelines can be submitted claim applications as per the time limit and in the application forms prescribed in Operational guidelines issued under IIPP 2010-2015 vide G.O.Ms.No.42 Industries & Commerce (IP) Department, dated 05/05/2011 on the following :-
1. 25% cost of external infrastructure for power, water, approach roads and other infrastructures limited to Rs2.00 Crores.
 2. VAT / State Goods & Services Tax Reimbursement for Mega Food Parks during the construction period for a period of 2 years limited to a maximum Rs.2.00 Crores.
 3. The Food Parks sanctioned under Mega Food Park scheme of GoI would be considered for Tailor-made benefits on case to case basis.
 4. Fixed power cost reimbursement @ Rs.1.00 per unit (upper ceiling) on the proposed revised rates (2010-11) for 5 years. In case, decrease in Power Tariff, the reimbursement will be reduced proportionately.
 5. Other eligible benefits as per the New Industrial Policy 2010-15.
- 8.2 The submission of application may also be done electronically and hard copies of documents sent by post. All the eligible New Food Processing Industries shall obtain clearances / permissions through single window and furnish them along with claim application.

9.0 PROCEDURE FOR SANCTION OF INCENTIVES:

- 9.1 On receipt of application claiming incentives from the industrial units concerned for sanction of incentives under the scheme, the Member-Secretary of the State / District Level Committee will prepare the agenda notes in each case in the form prescribed for placing for approval before the respective Committees for obtaining sanction. After sanction a sample checking will be done by the GMs, accredited agencies or other officers. The samples will be selected in a manner to ensure that all units claiming incentives / subsidies are covered once a year. Pre inspections will be avoided while sanctioning incentives.
- 9.2 If any doubt arises on the claims submitted by the food processing industries, the concerned DLC / SLC can refer the same to the Multi Disciplinary Committee or the accredited agency for verification and certification of the genuineness of the particulars furnished by the industrial units. Progressively the scrutiny will be done only by accredited agencies.
- 9.3 The COI will empanel accredited agencies to undertake the work of certifying the food processing industries eligible for investment subsidy, etc.

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10.0 CONSTITUTION OF STATE LEVEL / DISTRICT LEVEL COMMITTEES:

10.1 The following members will be added to the Committees constituted in GO Ms No.42, Industries & Commerce (IP) Department, dated 05/05/2011 for scrutinizing and sanction the claims for all Incentives / concessions under the provisions of the Food Processing Policy 2010-2015 and will process the claims in the Committees at the State and District level:

State Level Committee :

i) Director of Animal Husbandry, Hyderabad	..	Member
ii) Commissioner of Horticulture, Hyderabad.	..	Member
iii) Commissioner of Fisheries, Hyderabad.	..	Member
iv) Commissioner of Agriculture, Hyderabad	..	Member
v) Director of Marketing Hyderabad	Member
vi) Representative of State Nodal Agency	..	Member
vii) Representative of DGFT	..	Spl.Invitee.
viii) Representative of APEDA	..	Spl.Invitee.

District Level Committee:

i) Joint Director, Agriculture	..	Member
ii) Joint Director, Animal Husbandry	..	Member
iii) Asst. Director, Horticulture	..	Member
iv) Asst.Director, Marketing	..	Member

11.0 Furnishing of statement of accounts/information by eligible food processing industries:

All the food processing industries that have availed incentives under the Policy shall furnish certified copy of audited accounts including balance sheet before 30th June of the succeeding year to the disbursing agencies. Such statement should be furnished for a period of minimum 5 years in the case of SSI and 10 years in the case of L & M I units. Further, such industrial units should also furnish details in the prescribed Form IV to the GM, DIC concerned as an Annual Return before 30th June of the succeeding year and obtain acknowledgement thereof.

12.0 INTERPRETATIONS:

When any matter arises for the purpose of interpretations or in case where any suggestions are made outside the scope of SLC in regard to implementation of the scheme, such matters shall be referred to the Government in Industries & Commerce Department, Government of Andhra Pradesh and the decision of the Government shall be final.

C.R.BISWAL,
PRINCIPAL SECRETARY TO GOVERNMENT.

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**ANNEXURE-II TO G.O.Ms.No. , Industries & Commerce (FP)
Department, dated -09-2011**

**LIST OF FOOD PROCESSING INDUSTRIES ELIGIBLE FOR
SANCTION OF STATE INVESTMENT SUBSIDY**

HORTICULTURE	Fruit & Vegetable processing, Fruit based ready to serve beverages, Tissue Culture Laboratories, Green Houses, Green House Nurseries, Mushroom Laboratories, Seed production units based on modern Scientific methods to meet industry standards, Wine making.
AGRICULTURE	Food grain milling/processing, Using modern technology and equipment (except Rice Mills), Alcohol for blending with fuels.
ANIMAL HUSBANDARY	Dairy products, Processing of Poultry, Eggs, Meat and Meat products.
FISHERIES	Fish processing including shrimps.
AGRO FOOD PROCESSING INDUSTRIES	Bread, Oilseed meals (edible), Breakfast foods, Biscuits, Confectionery, including Cocoa Processing and Chocolate, Oil expellers and refining, Malt extract, Protein isolates, High protein foods, Weaning foods, extruded / other ready to eat food products and all other processed foods (excluding non-packed food items served in Hotels and Restaurants of all categories).
ALLIED INDUSTRIES	Cold Storage units, Refrigerated Transport Vehicles Containers (excluding second hand Refrigerated vehicles / containers), Units manufacturing food grade packaging materials for food processing industry, Units engaged in packaging, canning and bottling of process foods, Units manufacturing additives / Preservatives / Colors / Fragrances for the processed food industry, Biotechnology Industries.

C.R. BISWAL,
PRINCIPAL SECRETARY TO GOVERNMENT.